

## Message Text

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INFO AMEMBASSY COPENHAGEN

AMEMBASSY MOSCOW

AMEMBASSY OSLO

AMEMBASSY REYKJAVIK

AMEMBASSY STOCKHOLM

C O N F I D E N T I A L HELSINKI 2535

E.O. 11652: GDS

TAGS: PINT, FI

SUBJECT: KEKKONEN OPTS FOR LIINAMAA GOVERNMENT CONTINUING

REF: HELSINKI 2521

1. AFTER DISCUSSING THE GOVERNMENT SITUATION WITH SWEDISH AND LIBERAL PARTY LEADERS NOVEMBER 24 AND PRESENT PRIME MINISTER LIINAMAA THE FOLLOWING DAY, PRESIDENT KEKKONEN ON NOVEMBER 25 ANNOUNCED THAT HE HAD ASKED THE LIINAMAA GOVERNMENT TO CONTINUE AND THAT LIINAMAA HAD ACCEPTED.

2. KEKKONEN THUS REJECTED THE ALTERNATIVE OF A CENTRIST MINORITY GOVERNMENT MADE UP OF CENTER, SWEDISH, AND LIBERAL PARTIES. IT IS CONSIDERED THAT KEKKONEN DID SO BECAUSE HE FELT THAT THE LIINAMAA GOVERNMENT HAD A BETTER CHANCE OF GETTING A BUDGET PASSED BY PARLIAMENT. OTHER FACTORS INVOLVED IN DECISION WERE PROBABLY (A) KEKKONEN'S WISH TO AVOID POLARIZATION OF FINNISH POLITICAL LIFE, NOT WANTING TO MAKE IT EVEN MORE DIFFICULT FOR THE SOCIAL DEMOCRATS TO EVENTUALLY PARTICIPATE IN A MAJORITY  
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GOVERNMENT, (B) THE RISK THAT A MINORITY GOVERNMENT WOULD

NOT LAST LONG - WITH KEKKONEN THEN AGAIN BEING FACED WITH EITHER APPOINTING ANOTHER EXPERTS GOVERNMENT OR GOING THROUGH ANOTHER ROUND OF FUTILE NEGOTIATIONS FOR A POLITICAL GOVERNMENT AND, POSSIBLY, (C) THAT HE COULD NOT DECIDE OR DID NOT WISH TO SEE EITHER OF THE TWO CENTER PARTY CONTENDERS, VIROLAINEN OR KARJALAINEN, BECOME PRIME MINISTER.

3. ALTHOUGH NEITHER KEKKONEN NOR LIINAMAA HAVE SAID ANYTHING TO INDICATE THAT THEY CONSIDER THE POSITION OF THE LIINAMAA GOVERNMENT TO HAVE CHANGED, MOST POLITICAL LEADERS HAVE CHOSEN TO INTERPRET KEKKONEN'S DECISION AS CONSTITUTING A NEW PHASE FOR IT. LIINAMAA GOVERNMENT IS NOW BEING LABELED AS A "PRESIDENTIAL" GOVERNMENT AND IS EXPECTED HENCEFORTH TO BEHAVE MUCH MORE LIKE AN ORDINARY POLITICAL GOVERNMENT IN PROPOSING LEGISLATION. SOCIAL DEMOCRATIC PARTY SECRETARY GENERAL SUNDQVIST MADE STATEMENT THAT SINCE LIINAMAA GOVERNMENT NOW PRESIDENTIAL GOVERNMENT, SOCIAL DEMOCRATS COULD NOT VOTE IT OUT OF OFFICE BECAUSE THEY WOULD THEN BE VOTING AGAINST THE PRESIDENT WHO, TO QUOTE SUNDQVIST, "IS AFTER ALL OUR PARTY'S PRESIDENTIAL CANDIDATE." THE COMMUNISTS HAVE ALSO SAID THAT THEY WILL AVOID PARTICIPATING IN ANY ACTION THAT WOULD BRING DOWN THE LIINAMAA GOVERNMENT, EVEN THOUGH THEY WILL OF COURSE CRITICIZE ITS ACTIONS, IF NEEDED, AND MAKE THEIR OWN DEMANDS IN CONNECTION WITH THE BUDGET NEGOTIATIONS. THE CONSERVATIVES, ALTHOUGH BEMOANING THE FACT THAT FORMATION OF A NON-SOCIALIST MAJORITY GOVERNMENT INCLUDING THEMSELVES WAS NOT EVEN ATTEMPTED, NEVERTHELESS PREFER THE LIINAMAA GOVERNMENT TO ANYTHING NOT INCLUDING THEIR PARTY SINCE THEY HAVE ONE OF THEIR MEN IN THE LIINAMAA GOVERNMENT, AND ANOTHER TWO MINISTERS WHOM THEY CONSIDER SYMPATHETIC TO THEIR VIEWS. THE CENTRIST PARTIES HAD BECOME INFECTED WITH THE IDEA OF FORMING A MINORITY GOVERNMENT, AND FEEL SOMEWHAT LET DOWN, BUT NONE OF THEM - AND PARTICULARLY NOT THE CENTER PARTY - WOULD SERIOUSLY CONTEMPLATE BEING THE CULPRIT IN BRINGING DOWN THE LIINAMAA GOVERNMENT.

4. IT THEREFORE LOOKS AS THOUGH THE LIINAMAA GOVERN-  
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MENT IS SAFE UNTIL PARLIAMENT HAS PASSED THE BUDGET, SOMETIME IN JANUARY. LIINAMAA HIMSELF SAID AS MUCH YESTERDAY, AND ALSO ADDED THAT OF COURSE AT THAT TIME THE INCOMES POLICY NEGOTIATIONS WILL BE AT THEIR PEAK - INDICATING THAT HE WOULD NOT BE SURPRISED TO SERVE UNTIL MARCH. LIINAMAA ALREADY ON NOVEMBER 11 TOLD THE AMBASSADOR THAT HE EXPECTED HIS GOVERNMENT TO CONTINUE EITHER THREE WEEKS OR THREE MONTHS, AND

WAS AFRAID THAT ITS LIFE COULD EVEN BE EXTENDED TO UNTIL AFTER THE MUNICIPAL ELECTIONS NEXT AUTUMN.

5. THE FIRST ORDER OF BUSINESS AND THE MOST DIFFICULT TASK FOR THE LIINAMAA GOVERNMENT WILL BE TO GET ITS BUDGET PROPOSAL SAFELY THROUGH A PARLIAMENT THAT IS IN COMPLETE DISARRAY. IN ADDITION, THE LIINAMAA GOVERNMENT WILL NOW START SUBMITTING OTHER LEGISLATION, PRIMARILY IN THE ECONOMIC FIELD, THAT IT HAS BEEN QUIETLY PREPARING FOR JUST THIS KIND OF AN EVENTUALITY. IT WILL ALSO START INVOLVING ITSELF MORE AND MORE IN THE INCOMES POLICY NEGOTIATIONS - ON WHICH LIINAMAA IS AN EXPERT - PARTICULARLY IF THE DECEMBER 14 METALWORKERS CONGRESS DECIDES IN FAVOR OF AN OVERALL SETTLEMENT RATHER THAN A UNION BY UNION APPROACH.

6. COMMENT: THE LIINAMAA GOVERNMENT HAS BEEN IN OFFICE SINCE JUNE 13, 1975, ABOUT FIVE AND A HALF MONTHS. LIINAMAA MAY YET BREAK POST WWII RECORD FOR EXPERT GOVERNMENTS (NINE MONTHS), SET IN 1964 AND 1958 (ALTHOUGH 1958 RECORD ACTUALLY INVOLVED TWO CONSECUTIVE EXPERT GOVERNMENTS). KEKKONEN'S PART IN RECENT EVENTS HAS BEEN A MIXTURE OF FAILURE AND TEMPORIZING BUT ALSO A DEMONSTRATION OF THE COUNTRY'S DEPENDENCE UPON THE PRESIDENT. HE HAS FAILED IN THAT HE HAS NOT PUBLICLY TOLD THE PEOPLE AND THE POLITICIANS THE STARK NAKED TRUTH ABOUT FINLAND'S INCREASINGLY DESPERATE ECONOMIC SITUATION, IN THAT HE DID NOT USE HIS CONSIDERABLE INFLUENCE TO PERSUADE THE PARTIES TO PUT THE COUNTRY'S NEEDS FIRST, AND IN THAT BY REJECTING THE POSSIBILITY OF FORMING A NON-SOCIALIST MAJORITY GOVERNMENT, HE DID NOT ALLOW THE PARLIAMENTARY SYSTEM TO REALLY FUNCTION. HE HAS TEMPORIZED IN THAT HE HAS BOUGHT TIME ON IN THE HOPE THAT IT WILL PROVE FEASIBLE TO

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FORM A CENTER-SOCIAL DEMOCRATIC GOVERNMENT AFTER A FEW MONTHS' BREATHING SPELL, THUS AVOIDING THE POLARIZATION OF FINNISH POLITICAL LIFE THAT WOULD HAVE RESULTED FROM THE FORMATION OF ANY GOVERNMENT COMPLETELY EXCLUDING THE LEFT (SUPPORTED BY NEARLY HALF OF THE ELECTORATE). (HOWEVER, HE MAY NOT HAVE TEMPORIZED IF HE HONESTLY FEELS THAT UNDER EXISTING CIRCUMSTANCES THE LIINAMAA GOVERNMENT STANDS A BETTER CHANCE OF CARRYING OUT UNPOPULAR ECONOMIC MEASURES THAN A POLITICAL GOVERNMENT.) KEKKONEN HAS SHOWN THAT HE CALLS THE SHOTS AND IF LIINAMAA SUCCEEDS, KEKKONEN WILL HAVE SHOWN THAT HE AND THE COUNTRY CAN MANAGE WITHOUT A PARLIAMENT-BASED GOVERNMENT. THIS DEMONSTRATION, HOWEVER, IS AT THE EXPENSE OF A PARLIAMENT ALREADY SUFFERING FROM LOW MORALE AND LACK OF RESPECT. IT MAY THEREFORE ALSO PROVE TO BE AT THE

EXPENSE OF LONG-RANGE VIABILITY OF FINNISH POLITICAL  
SYSTEM.  
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